

Message Text

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ACTION NEA-10

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E.O. 11652: N/A
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SUBJ: MCNAMARA'S VISIT TO EGYPT: PRESS CONFERENCE

REF: CAIRO 2433

1. WORLD BANK PRESIDENT ROBERT MCNAMARA DEPARTED CAIRO JANUARY 23, 1977 AT THE END OF A FIVE-DAY VISIT TO EGYPT, HIS FIRST SINCE EARLY 1974. DURING HIS STAY MCNAMARA HAD DISCUSSIONS WITH PRESIDENT SADAT (DESPITE PRESIDENT'S SELF-IMPOSED SECLUSION ANNOUNCED JANUARY 18), PRIME MINISTER SALEM, DEPUTY PRIME MINISTER KAISOUNI, MINISTER OF ECONOMY SAYEH AND CENTRAL BANK GOVERNOR IBRAHIM. MCNAMARA MEETING WITH AMBASSADOR REPORTED REFTEL.

2. ON FINAL DAY OF VISIT MCNAMARA HELD PRESS CONFERENCE ATTENDED BY KAISOUNI, SAYEH AND IBRAHIM, IN WHICH HE EMPHASIZED IMPORTANCE OF EGYPT'S POPULATION PROBLEM AND NECESSITY FOR EGYPT TO SET PRIORITIES FOR INVESTMENT UNDER FIVE-YEAR PLAN. ACCORDING PRESS REPORTS, HE PRAISED EGYPT'S FINANCIAL AND ECONOMIC PERFORMANCE SINCE HIS LAST VISIT, NOTING NINE PERCENT GROWTH RATE DURING 1977. HE PLEDGED CONTINUING IBRD SUPPORT FOR EGYPT'S
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FIVE-YEAR DEVELOPMENT PLAN. IBRD SUPPORT, HE SAID, INCREASED FROM \$40 MILLION IN 1974 TO \$250 MILLION IN 1977. IN ADDITION, IBRD PARTICIPATION HAD ENCOURAGED OTHERS TO HELP FUND EGYPTIAN DEVELOPMENT; HE CITED IBRD'S \$100 MILLION CONTRIBUTION TO SUEZ CANAL DEVELOPMENT AS HAVING ENCOURAGED OTHERS TO CONTRIBUTE TOTAL OF \$500 MILLION.

3. MCNAMARA WARNED, HOWEVER, THAT POPULATION GROWTH, WHICH HE PUT AT 2.58 PERCENT IN PAST YEAR, ONE OF HIGHEST IN THE WORLD. THIS PRESENTS CONSIDERABLE PROBLEM SINCE EGYPT'S PROJECTED POPULATION IN THE YEAR 2000 (70 MILLION) WOULD EAT UP OVER 2/3 OF PLANNED INVESTMENT JUST TO MAINTAIN CURRENT (LOW) STANDARD OF LIVING, LEAVING ONLY 1/3 FOR IMPROVEMENT. HE PRAISED ECONOMIC LEADERSHIP FOR PAST DECISIONS ON EXCHANGE RATES AND URGED APPLICATION OF INCENTIVES TO INCREASE PRODUCTION, AS WELL AS REVIEW OF CUSTOMS RATES AND PRICES.

4. COMMENT: WHILE ENCOURAGING, PRESS CONFERENCE HIGHLIGHTED IBRD'S (AND OTHER DONORS') CONTINUING CONCERNS. ALTHOUGH PRAISING GOE FOR STEPS TAKEN THUS FAR, MCNAMARA LEFT NO DOUBT ABOUT BANK POSITION WITH REGARD TO TOUGH ECONOMIC DECISIONS WHICH STILL NEED TO BE TAKEN. EILTS

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